A WEAKER DOLLAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I would like to make some comments on the weakening dollar. A weak dollar that is too weak has certain dangers but a weak dollar sounds worse than it is. The dollar is strong when the dollar purchases more foreign currency than it had previously, but as there are many other currencies, it is quite possible for the dollar to be getting stronger against some currencies and weaker against others.

For example, looking at the Canadian dollar, the Japanese yen and the European euro over the last 2½ years, it is clear that the dollar has weakened against two of these currencies and strengthened against the other. At the beginning of 2001, the U.S. dollar bought 1.05 euros, 1.49 Canadians dollars and 14.75 Japanese yen. On June 11 of this year, the U.S. dollar bought. 849 euros, down 19 percent; 1.35 Canadian dollars, down 10.4 percent; and 117.68 Japanese yen, up about 2.5 percent.

I present these facts on the dollar simply to say that in some cases, depending on the other foreign countries, the dollar goes up in value and sometimes it goes down.

The dollar becomes strong when the demand for the dollar increases relative to the supply of dollars, a supply-and-demand situation. There are several ways for this to happen. For example, and it looks like it has happened, if Japan wished to make its exports cheaper, its Central Bank could buy U.S. dollars, strengthening the dollar against the yen, or if the Federal Reserve increases the U.S. money supply, there will be more dollars relative to other currencies, and the value of the dollar is going to decline. Also, the lowering of interest rates by the Feds tends to push down the value of the dollar.

What happens when all of this occurs, because the question is whether a strong dollar is good or bad for the U.S. economy?

In reality, it is that a strong dollar is good for some Americans and bad for others. I think it is important that we learn about what is happening to the value of the dollar because it affects our lives. Suppose that one is an auto maker in Michigan. Their company sells cars in the U.S. and exports to Europe and Japan. Japanese companies and European companies also sell cars to the U.S. and Japan and Europe. If the U.S. dollar weakens against the yen and the euro, then the U.S. cars will be less expensive for Japanese and European consumers, and the Japanese and European cars will be more expensive for U.S. customers. This will result in more profit and higher employment in the U.S. auto industry.

In other words, as the dollar weakens, it is easier to export our products because in relative terms, to other countries' currencies, those products become less expensive.

On the other hand, if one buys foreign made products, the weaker dollar means that they have to pay more or suppose that they work for a company that uses German and Japanese steel to produce, let us say, washing machines. A weaker dollar will make foreign steel more costly, thus making their company's product more expensive, and this is going to result in fewer jobs and probably less employment.

In the last 2 years, we have seen an increase in the U.S. money supply, a lowering of U.S. interest rates in a U.S. economy that is now outperforming the European Canadian Japanese economies. However, inflation is a risk with an increasing money supply, and foreign investors have less interest in leaving their money in U.S. stocks, and all of these things are consistent with a weaker dollar.

So we are not totally on safe ground as it becomes easier to export.

Economists have long been divided over how much the money supply could be increased which would influence the strength of the U.S. dollar.

In conclusion, in practice, the dollar is likely to gain strength against some currencies and lose strength against others. The effect on the U.S. economy will depend on which countries we are importing from and which countries we are exporting to and a myriad of other factors, including the strength of the foreign economies relative to ours. The current weaker U.S. dollar means that consumers will tend to pay a little more, but it will be good for producers and, therefore, better for job growth than otherwise.

The danger is in concerning our balance of trade. If we are importing so much more than we export, that means other countries will have extra dollars to spend, and they are going to continue to use those dollars to buy our equities.

INVESTMENT IN OUR NATION'S INFRASTRUCTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. LIPINSKI) is recognized for 5 minutes.

Mr. LIPINSKI. Mr. Speaker, our transportation system is second to none, but let us not sit on our hands. We still have room to improve.

Thanks to the leadership of President Eisenhower, and thanks to his experience under the vision of General John Pershing, we have the interstate highway system. Just as this Nation made a choice a half century ago, we need to make a choice again today. We need to make a decision. We must decide if we want to continue the legacy of President Eisenhower, General Pershing and other leaders who came before us. We must decide to make a major commitment to fund our Nation's infrastructure needs.

As I have said before, I will say it again tonight, we have study after study. We have pages and pages of numbers. We have the proof. The issue is no different now than it was 50 years ago under President Eisenhower. Our transportation needs continue to grow, and we need to find a way to adequately fund those needs.

The needs are many, but the answer is simple. We need to invest more in our transportation system. Here, however, in today's economy, the problems and needs are not only just with our transportation system.

In today's economy, where corporate profits inch up, we still have a 6 percent unemployment rate. The other numbers are even grimmer: 9 million unemployed Americans; 5 million underemployed Americans; and 2 million Americans have been out of a job for 6 months; 4.4 million Americans have just completely given up even looking for a job, and they have left the workforce altogether.

In today's economy, we simply have to think about more than just TRB studies, government lingo, conditions and performance reports and bureaucratic infighting, things that probably do not matter a great deal to many Americans. What we must do is to start thinking about the sluggish economy. We have to start thinking about and talking about how the loss of jobs and the 6 percent unemployment rate creates real problems and real economic hardships in the lives of millions of Americans, American workers who just are not working because they cannot find good jobs. There are not good jobs out there.

Even better yet, let us start doing something about it because we are in a position to do just that. The concept of the expansionary fiscal policy is nothing new. It has worked before and it will work again. It is the basic economics of pump-priming the economy.

According to the U.S. Department of Transportation, each $1 billion invested in infrastructure creates 47,500 jobs and 6.1 billion in related economic activity. With a 6 percent overall unemployment rate and an 8.3 unemployment rate for construction workers, there is no better economic stimulus package than the $375 billion public works bill, plain and simple.

It is a jobs bill that will put jobs back in the American economy and put American workers back to work.

KILL THE DEATH TAX

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. HENSARLING) is recognized for 5 minutes.

Mr. HENSARLING. Mr. Speaker, I rise today as a cosponsor of H.R. 8, the permanent repeal of the estate tax, more honestly described as the death tax.

Mr. Speaker, I believe as most Americans do that it is unacceptable for a grieving family who has recently lost a loved one to get a visit from the undertaker and the IRS agent on the same